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8
9 **UNITED STATES DISTRICT COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**

11
12
13 SECURITIES AND EXCHANGE
COMMISSION,

14 Plaintiff,

15 vs.

16
17 PEBBLEKICK, INC., a California
Corporation, PEBBLEKICK, INC., a
18 Nevada Corporation, DONALD
SHIROISHI, and NANCY
19 WILLIAMS,

20 Defendants.
21

Case No. 2:22-cv-06984

22 **COMPLAINT**

23 Plaintiff Securities and Exchange Commission (“SEC”) alleges:

24 **JURISDICTION AND VENUE**

25 1. The Court has jurisdiction over this action pursuant to Sections 20(b),
26 20(d)(1) and 22(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. §§
27 77t(b), 77t(d)(1) & 77v(a), and Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27(a) of the
28 Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78u(d)(1),

1 78u(d)(3)(A), 78u(e) & 78aa(a).

2 2. Defendants have, directly or indirectly, made use of the means or
3 instrumentalities of interstate commerce, of the mails, or of the facilities of a national
4 securities exchange in connection with the transactions, acts, practices and courses of
5 business alleged in this complaint.

6 3. Venue is proper in this district pursuant to Section 22(a) of the Securities
7 Act, 15 U.S.C. § 77v(a), and Section 27(a) of the Exchange Act, 15 U.S.C. § 78aa(a),
8 because certain of the transactions, acts, practices and courses of conduct constituting
9 violations of the federal securities laws occurred within this district. In addition,
10 venue is proper in this district because Defendants Donald Shiroishi and Nancy
11 Williams reside in this district.

12 **SUMMARY**

13 4. This action concerns an unregistered securities offering fraud and Ponzi-
14 like scheme operated by defendant Pebblekick, Inc., two identically-named California
15 and Nevada corporations (collectively, “Pebblekick”), and Pebblekick’s former chief
16 executive officer, defendant Donald Shiroishi. From January 2018 to March 2021,
17 Pebblekick and Shiroishi raised approximately \$17 million from investors – \$11
18 million from equity investors and another \$6 million through the sale of notes to
19 investors. When raising that money, defendants represented that proceeds from the
20 sale of Pebblekick’s notes would be used to finance the acquisition of intellectual
21 property for its operating business, which supplied entertainment media for use in
22 institutional settings such as nursing homes, educational institutions, and prison
23 facilities. In fact, Shiroishi misappropriated in significant part incoming investor
24 funds to pay putative investment returns and repay principal on investments made by
25 earlier Pebblekick investors. Defendant Nancy Williams, whose role at Pebblekick
26 was to raise money, solicited many of Pebblekick’s defrauded investors, yet she is not
27 registered with the SEC in any capacity, nor is she associated with an SEC-registered
28 broker dealer.

1 registered with the SEC in any capacity nor associated with an entity registered with
2 the SEC.

3 **10. Nancy Williams**, age 63, is a resident of Monterey Park, California.
4 She worked for Pebblekick from approximately 2016 to 2022. Her primary role at
5 Pebblekick was to solicit investors for Pebblekick and interface with them once they
6 invested. She is not registered with the SEC in any capacity, nor is Williams
7 associated with any broker-dealer registered with the SEC.

8 THE ALLEGATIONS

9 **A. Pebblekick's Business**

10 11. In 2013, Shiroishi formed Pebblekick California to acquire and develop
11 video games and other media content for nursing homes, educational institutions, and
12 penitentiaries.

13 12. Shiroishi was Pebblekick's chief executive officer from the beginning.
14 He ran Pebblekick's day-to-day operations. His responsibilities included overseeing
15 game development and the delivery of content to revenue-generating channels.

16 13. At all times prior to March 2021, Shiroishi had sole control of the
17 Pebblekick bank account that received investor funds and made payments to
18 investors.

19 14. In 2018, Pebblekick formed a related entity with the same name that was
20 registered to do business in California under the name "Pebblekick Nevada."
21 Although Pebblekick Nevada had been formed for tax purposes, the transfer of
22 Pebblekick California's business to Pebblekick Nevada was never effectuated. In
23 practice, Pebblekick California and Pebblekick Nevada were the same company with
24 the same employees.

25 **B. Pebblekick's Securities Offerings**

26 **1. Pebblekick's equity stock offering**

27 15. Beginning in 2013, Pebblekick sold equity stock in the company through
28 an unregistered offering.

1 16. Shiroishi pitched potential equity investors in Pebblekick with the
2 representation that Pebblekick had viable business partnerships and was expanding its
3 commercial business.

4 17. In 2018 to 2021, Pebblekick raised another \$11 million from over 150
5 investors in its equity stock offering.

6 18. Equity investors executed a Stock Purchase Agreement with Pebblekick.
7 This agreement referred to the securities being sold as common stock. Pebblekick's
8 Stock Purchase Agreement was approved by Shiroishi before being used to solicit
9 equity investors in Pebblekick.

10 **2. Pebblekick's promissory note offering**

11 19. Beginning in at least 2018, Pebblekick also offered promissory notes to
12 investors and continuously sold those promissory notes through 2020, raising \$6
13 million from over 20 investors.

14 20. Pebblekick's promissory notes paid interest rates of 15-25% at maturity,
15 and maturities on the notes ranged from one month to nine months. The principal
16 amount of the notes sold by Pebblekick to investors varied from about \$40,000 up to
17 \$650,000.

18 21. Pebblekick's notes represented that investor funds borrowed under the
19 note would be used to "acquire and/or purchase media intellectual properties," and
20 that "[i]n the event the Borrower cannot secure the purchase and/or license of the IPs,
21 the Borrower will refund the Holder the principal loan amount and pay a 3%
22 cancellation fee." The notes further stated that in the event of default by Pebblekick,
23 "Borrower agrees to sell gaming assets to remedy any and/or all outstanding amounts
24 owed under this note."

25 22. Shiroishi approved the form of Pebblekick's promissory notes, and he
26 either personally signed each note or directed others to sign on his behalf.

27 **3. Defendants' Solicitation of Investors**

28 23. Initially, Shiroishi and Williams solicited friends, family, and

1 acquaintances to invest in Pebblekick's securities offerings.

2 24. Through word of mouth, Shiroishi and Williams eventually solicited
3 many investors with no pre-existing relationship to Pebblekick, Shiroishi, or
4 Williams.

5 25. Shiroishi solicited potential Pebblekick investors through emails, calls,
6 texts, and/or in-person meetings.

7 26. Williams solicited potential Pebblekick investors through emails, calls,
8 texts, and/or in-person meetings.

9 27. To recruit potential investors, Williams told them about an investment
10 opportunity with Pebblekick, and invited them to attend a presentation at which they
11 could learn more about the securities offering.

12 28. At Pebblekick's offices, Shiroishi and Williams met potential investors
13 in person, and presented on the Pebblekick investment opportunity, often with a
14 PowerPoint slide presentation, which Shiroishi frequently emailed to potential
15 investors.

16 **C. Pebblekick and Shiroishi's Misuse of Investor Funds and Other**
17 **Fraudulent Representations**

18 29. Pebblekick and Shiroishi misused investor funds to make Ponzi-like
19 payments to earlier investors.

20 30. Pebblekick's operating revenues were insufficient to make promised
21 interest payments to the company's promissory note investors.

22 31. Consequently, Pebblekick and Shiroishi engaged in Ponzi-like payments.
23 From at least January 2018-March 2021, Pebblekick and Shiroishi used
24 approximately \$5.5 million of new investor funds to pay principal and interest owed
25 by Pebblekick to earlier promissory note investors.

26 32. As one example, a Pebblekick promissory note investor transferred
27 \$400,000 to the company in May 2019.

28 33. Under the terms of the investor's promissory note, Pebblekick was

1 required to repay \$400,000 in principal plus 20% interest in October 2019, five
2 months later.

3 34. At the start of October 2019, however, Pebblekick’s corporate bank
4 account had a balance of only about \$24,000.

5 35. In October 2019, Pebblekick’s operating revenue was just under
6 \$70,000.

7 36. Pebblekick nonetheless paid the earlier investor the \$480,000 in
8 principal and interest owed them.

9 37. Pebblekick was only able to do so because in October 2019, the
10 company had raised almost \$1.4 million through the sale of equity stock and
11 promissory notes to new investors.

12 38. Pebblekick made Ponzi-like payments to earlier promissory note
13 investors, without disclosing to new equity or promissory note investors that the
14 company was using the funds they had invested to pay back earlier investors.

15 39. In addition, Pebblekick – in the promissory notes themselves – falsely
16 represented to promissory note investors that their funds may be used to acquire
17 media intellectual properties, and that in the event Pebblekick did not use investor
18 proceeds in this manner, Pebblekick would repay the investor their principal along
19 with a 3% “cancellation” fee.

20 40. These representations were further misleading because Pebblekick did
21 not disclose to new promissory note investors that their funds were being
22 commingled with operating revenues and capital raised from Pebblekick’s equity
23 investors, or that a substantial portion of their investment would be used to make
24 Ponzi-like payments to earlier investors.

25 41. Pebblekick’s promissory notes also represented that in the event of
26 default, including Pebblekick’s failure to make a payment when due, Pebblekick
27 would “sell gaming assets to remedy any and/or all outstanding amounts owed ...”

28 42. As Pebblekick issued more and more short-term promissory notes, it

1 began to fall behind on its note payments owed to certain investors

2 43. Rather than selling its intellectual property to cover its defaults,
3 Pebblekick and Shiroishi convinced certain promissory note investors to roll their
4 earlier investment – now due and owing by Pebblekick – into a new note, thus
5 pushing Pebblekick’s payment obligations out to a later date.

6 44. In one example, a promissory note investor purchased a \$100,000 note
7 from Pebblekick in July 2019. The note provided that Pebblekick would repay the
8 investor’s \$100,000 in principal, along with 20% interest, by January 2020.

9 45. Although Pebblekick paid the investor his 20% interest, it convinced the
10 investor to roll their investment into a new “extension promissory note” in which
11 Pebblekick would repay the investor’s \$100,000 in principal by April 2020, rather
12 than the original due date of January 2020, along with an additional 15% in interest.

13 46. As this was occurring, however, Pebblekick continued to raise funds
14 from new promissory note and equity investors. It did so without disclosing to those
15 new investors that the company was currently defaulting on its note obligations and,
16 contrary to its representations, Pebblekick was not selling its “gaming assets to
17 remedy any and/or all outstanding amounts owed and was instead convincing
18 investors to roll their promissory notes forward.

19 47. Pebblekick obtained money by means of the fraudulent statements
20 alleged above because investors paid money for equity stock and promissory notes
21 into Pebblekick’s banking account.

22 48. Pebblekick also obtained funds by misappropriating money received
23 from new investors and using them to pay earlier investors.

24 **D. Pebblekick and Shiroishi’s Fraud Was Material**

25 49. Pebblekick and Shiroishi’s use of new investor funds to make Ponzi-like
26 payments to earlier investors would be significant information to an objectively
27 reasonable investor because that undisclosed fact concerns Pebblekick’s actual use of
28 investor proceeds, a key component of Pebblekick’s securities offerings.

1 50. Pebblekick and Shiroishi’s failure to honor the default provisions
2 contained in the company’s promissory notes by selling assets to immediately repay
3 noteholders, and instead convincing promissory note investors to roll over their
4 investment into new notes, would be significant information to an objectively
5 reasonable investor because that undisclosed fact concerns both an important feature
6 of the represented investment – remedies in the event of default – as well as the
7 financial condition of Pebblekick’s business.

8 51. Pebblekick and Shiroishi’s commingling of investor funds with
9 operating revenue, making substantial use of investor funds to engage in Ponzi-like
10 payments to earlier investors, and failure to primarily use those funds to acquire
11 intellectual property as represented, would be significant information to an
12 objectively reasonable investor because those undisclosed facts concern a key feature
13 of the represented investment – how the company would use investor funds to
14 generate profits on their investment.

15 **E. Pebblekick and Shiroishi Acted With Scienter and Their Conduct Was**
16 **Negligent**

17 52. As Pebblekick’s chief executive officer, Shiroishi had sole control of the
18 Pebblekick bank account that received and spent investor funds.

19 53. Shiroishi accordingly knew that investor funds were being used by
20 Pebblekick to make Ponzi-like payments.

21 54. Further, Shiroishi directed the Ponzi-like payments himself.

22 55. Shiroishi also approved the form of Pebblekick’s promissory notes,
23 executed those notes or directed others to sign them on his behalf, and therefore knew
24 that the representations in the promissory notes on use of funds were false.

25 56. Shiroishi’s conduct in connection with Pebblekick’s securities offerings
26 – misusing investor funds and making other fraudulent representations – was
27 unreasonable, and by engaging in that conduct, Shiroishi acted negligently.

28 57. Because Shiroishi is Pebblekick’s chief executive officer, his scienter

1 and negligence is imputed to Pebblekick.

2 **F. Defendants’ Offer and Sale of Securities Without Registration or**
3 **Exemption**

4 58. Pebblekick, through Shiroishi and Williams, offered and sold securities.

5 59. Shiroishi solicited potential investors through emails, calls, texts, and/or
6 in-person meetings. Shiroishi pitched potential equity investors with the claim that
7 Pebblekick would be expanding its business and profiting from commercial
8 partnerships. Equity investors in Pebblekick signed a stock purchase agreement that
9 Shiroishi approved and used to solicit investors. Shiroishi also solicited potential
10 investors in Pebblekick’s promissory notes, and he provided the information used to
11 create the notes, approved their form, and personally signed each note or directed
12 others to sign the note on his behalf.

13 60. Williams solicited potential investors through emails, calls, texts, and/or
14 in-person meetings. Williams directly secured investments in Pebblekick from over
15 100 investors. And at Pebblekick, Williams’s primary role was to bring in investors
16 and later interface with them after they had invested.

17 **1. Pebblekick’s equity stock is a security**

18 61. The stock issued by Pebblekick is a security because Pebblekick’s Stock
19 Purchase Agreements referred to the shares as “common stock,” and both Pebblekick
20 and investors described those instruments as equity investments in Pebblekick.

21 **2. Because they are an investment contract, Pebblekick’s promissory**
22 **notes are securities**

23 62. Purchasers of Pebblekick’s promissory notes invested their money in
24 exchange for the notes.

25 63. Pebblekick note holders were purportedly entitled to interest payments,
26 the source of which would be Pebblekick’s profit from its successful acquisition of
27 intellectual property and the distribution of that content to consumers in institutional
28 settings, such as prisons.

1 64. Funds invested by Pebblekick note holders were pooled by Pebblekick
2 and Shiroishi, who used some of those funds to make Ponzi payments.

3 65. Pebblekick note holders expected the profits from their investments to be
4 derived solely from Pebblekick's efforts to acquire and monetize intellectual
5 property.

6 **3. Because they are notes, Pebblekick's promissory notes are securities**

7 66. Investors purchased Pebblekick's promissory notes for investment
8 purposes and not for commercial or consumer purposes.

9 67. Pebblekick's promissory notes were sold to a broad segment of the
10 public.

11 68. More than 100 investors purchased Pebblekick's promissory notes.

12 69. Those investors were located in multiple states.

13 70. Some of the Pebblekick note investors did not know either Shiroishi or
14 Williams personally.

15 71. Given the promised high returns to be realized from profits generated by
16 Pebblekick's business, a reasonable investor would consider Pebblekick's promissory
17 notes to be an investment.

18 72. Pebblekick's promissory notes are not subject to an alternative
19 regulatory scheme such that the enforcement of the federal securities laws is
20 unnecessary.

21 **4. Defendants offered and sold securities without registration or**
22 **exemption**

23 73. From January 2018 to March 2021, Pebblekick, Shiroishi, and Williams
24 offered and sold approximately \$11 million in securities to Pebblekick equity
25 investors, and approximately \$6 million in securities to Pebblekick promissory note
26 investors.

27 74. Pebblekick's equity stock offering was never registered with the SEC,
28 and the securities were offered and sold through interstate commerce.

1 75. Pebblekick's equity stock offering was not exempt from registration.

2 76. Pebblekick's promissory note offering was never registered with the
3 SEC, and the securities were offered and sold through interstate commerce.

4 77. Pebblekick's promissory note offering was not exempt from registration.

5 78. Defendants' manner of raising money constituted general solicitation.
6 Many of the investors had no preexisting relationship with Defendants.

7 79. Defendants raised money from many unaccredited investors and did not
8 take reasonable steps to verify whether investors were accredited or sophisticated.

9 **G. Williams's Illegal Broker-Dealer Activities**

10 80. Williams acted as an unregistered broker for the Pebblekick securities
11 offerings.

12 81. Williams solicited investors for Pebblekick, made statements to potential
13 investors about the merits of investing in Pebblekick, and later interfaced with
14 investors regarding their investments.

15 82. From January 2018 to March 2021, Williams received approximately
16 \$450,000 in compensation outside of Pebblekick's normal payroll system; the
17 amounts and timing of these payments indicate that they are transaction-based
18 compensation for Williams's effecting of securities transactions for Pebblekick.

19 83. Williams was not registered with the SEC as a broker-dealer in
20 accordance with Section 15(b) of the Exchange Act, and was not associated with a
21 registered broker-dealer.

22 **FIRST CLAIM FOR RELIEF**

23 **Fraud in the Connection with the Purchase and Sale of Securities**

24 **Violations of Section 10(b) of the Exchange Act and Rule 10b-5**

25 **(against Defendants Pebblekick and Shiroishi)**

26 84. The SEC realleges and incorporates by reference paragraphs 1 through
27 83 above.

28 85. From at least January 2018 to March 2021, Pebblekick raised

1 approximately \$17 million from equity and promissory note investors. Although
2 Shiroishi represented that Pebblekick was selling promissory notes to investors in
3 order to finance its acquisition of intellectual property for its business delivering
4 content to institutional clients like nursing homes, educational institutions, and prison
5 facilities, Shiroishi misused a significant amount of investor funds to make Ponzi-like
6 payments to earlier investors. In addition, rather than selling assets to meet its
7 defaulted payment obligations to promissory note holders as represented by those
8 notes, Shiroishi convinced investors to roll over their principal owed into new notes.
9 Pebblekick and Shiroishi never disclosed to incoming investors that these defaults
10 were occurring, or that Pebblekick was delaying its payment obligations by inducing
11 earlier investors to execute new notes.

12 86. By engaging in the conduct described above, Defendants Pebblekick and
13 Shiroishi, and each of them, directly or indirectly, in connection with the purchase or
14 sale of a security, by the use of means or instrumentalities of interstate commerce, of
15 the mails, or of the facilities of a national securities exchange: (a) employed devices,
16 schemes, or artifices to defraud; (b) made untrue statements of a material fact or
17 omitted to state a material fact necessary in order to make the statements made, in the
18 light of the circumstances under which they were made, not misleading; and (c)
19 engaged in acts, practices, or courses of business which operated or would operate as
20 a fraud or deceit upon other persons.

21 87. Defendants Pebblekick and Shiroishi, with scienter, employed devices,
22 schemes and artifices to defraud; made untrue statements of a material fact or omitted
23 to state a material fact necessary in order to make the statements made, in the light of
24 the circumstances under which they were made, not misleading; and engaged in acts,
25 practices or courses of conduct that operated as a fraud on the investing public by the
26 conduct described in detail above.

27 88. By engaging in the conduct described above, Defendants Pebblekick and
28 Shiroishi violated, and unless restrained and enjoined will continue to violate, Section

1 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rules 10b-5(a), 10b-5(b), and
2 10b-5(c) thereunder, 17 C.F.R. §§ 240.10b-5(a), 240.10b-5(b) & 240.10b-5(c).

3 **SECOND CLAIM FOR RELIEF**

4 **Fraud in the Offer or Sale of Securities**

5 **Violations of Section 17(a) of the Securities Act**

6 **(against Defendant Pebblekick)**

7 89. The SEC realleges and incorporates by reference paragraphs 1 through
8 83 above.

9 90. From at least January 2018 to March 2021, Pebblekick raised
10 approximately \$17 million from equity and promissory note investors. Although
11 Shiroishi represented that Pebblekick was selling promissory notes to investors in
12 order to finance its acquisition of intellectual property for its business delivering
13 content to institutional clients like nursing homes, educational institutions, and prison
14 facilities, Shiroishi misused a significant amount of investor funds to make Ponzi-like
15 payments to earlier investors. In addition, rather than selling assets to meet its
16 defaulted payment obligations to promissory note holders as represented by those
17 notes, Shiroishi convinced investors to roll over their principal owed into new notes.
18 Pebblekick and Shiroishi never disclosed to incoming investors that these defaults
19 were occurring, or that Pebblekick was delaying its payment obligations by inducing
20 earlier investors to execute new notes.

21 91. By engaging in the conduct described above, Defendant Pebblekick,
22 directly or indirectly, in the offer or sale of securities, and by the use of means or
23 instruments of transportation or communication in interstate commerce or by use of
24 the mails directly or indirectly: (a) employed devices, schemes, or artifices to
25 defraud; (b) obtained money or property by means of untrue statements of a material
26 fact or by omitting to state a material fact necessary in order to make the statements
27 made, in light of the circumstances under which they were made, not misleading; and
28 (c) engaged in transactions, practices, or courses of business which operated or would

1 operate as a fraud or deceit upon the purchaser.

2 92. Defendant Pebblekick, with scienter, employed devices, schemes and
3 artifices to defraud; with scienter or negligence, obtained money or property by
4 means of untrue statements of a material fact or by omitting to state a material fact
5 necessary in order to make the statements made, in light of the circumstances under
6 which they were made, not misleading; and, with scienter or negligence, engaged in
7 transactions, practices, or courses of business which operated or would operate as a
8 fraud or deceit upon the purchaser.

9 93. By engaging in the conduct described above, Defendant Pebblekick
10 violated, and unless restrained and enjoined will continue to violate, Sections
11 17(a)(1), 17(a)(2), and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77q(a)(1),
12 77q(a)(2), & 77q(a)(3).

13 **THIRD CLAIM FOR RELIEF**

14 **Fraud in the Offer or Sale of Securities**

15 **Violations of Sections 17(a)(1) and (3) of the Securities Act**

16 **(against Defendant Shiroishi)**

17 94. The SEC realleges and incorporates by reference paragraphs 1 through
18 83 above.

19 95. From at least January 2018 to March 2021, Pebblekick raised
20 approximately \$17 million from equity and promissory note investors. Although
21 Shiroishi represented that Pebblekick was selling promissory notes to investors in
22 order to finance its acquisition of intellectual property for its business delivering
23 content to institutional clients like nursing homes, educational institutions, and prison
24 facilities, Shiroishi misused a significant amount of investor funds to make Ponzi-like
25 payments to earlier investors. In addition, rather than selling assets to meet its
26 defaulted payment obligations to promissory note holders as represented by those
27 notes, Shiroishi convinced investors to roll over their principal owed into new notes.
28 Pebblekick and Shiroishi never disclosed to incoming investors that these defaults

1 were occurring, or that Pebblekick was delaying its payment obligations by inducing
2 earlier investors to execute new notes.

3 96. By engaging in the conduct described above, Defendant Shiroishi,
4 directly or indirectly, in the offer or sale of securities, and by the use of means or
5 instruments of transportation or communication in interstate commerce or by use of
6 the mails directly or indirectly: (a) employed devices, schemes, or artifices to
7 defraud; and (b) engaged in transactions, practices, or courses of business which
8 operated or would operate as a fraud or deceit upon the purchaser.

9 97. Defendant Shiroishi, with scienter, employed devices, schemes and
10 artifices to defraud; and, with scienter or negligence, engaged in transactions,
11 practices, or courses of business which operated or would operate as a fraud or deceit
12 upon the purchaser.

13 98. By engaging in the conduct described above, Defendant Shiroishi
14 violated, and unless restrained and enjoined will continue to violate, Sections 17(a)(1)
15 and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77q(a)(1) & 77q(a)(3).

16 **FOURTH CLAIM FOR RELIEF**

17 **Unregistered Offer and Sale of Securities**

18 **Violations of Sections 5(a) and 5(c) of the Securities Act**
19 **(against Defendants Pebblekick, Shiroishi, and Williams)**

20 99. The SEC realleges and incorporates by reference paragraphs 1 through
21 83 above.

22 100. Pebblekick, Shiroishi, and Williams offered and sold securities. They
23 solicited potential investors through emails, calls, texts, and/or in-person meetings.
24 From January 2018 to March 2021, Pebblekick, Shiroishi, and Williams offered and
25 sold approximately \$11 million in securities to Pebblekick equity investors, and
26 approximately \$6 million in securities to Pebblekick promissory note investors.
27 Pebblekick's equity stock offering was never registered with the SEC, and the
28 securities were offered and sold through interstate commerce. Pebblekick's equity

1 stock offering was not exempt from registration. Pebblekick's promissory note
2 offering was never registered with the SEC, and the securities were offered and sold
3 through interstate commerce. Pebblekick's promissory note offering was not exempt
4 from registration

5 101. By engaging in the conduct described above, Defendants Pebblekick,
6 Shiroishi, and Williams, and each of them, directly or indirectly, singly and in concert
7 with others, has made use of the means or instruments of transportation or
8 communication in interstate commerce, or of the mails, to offer to sell or to sell
9 securities, or carried or caused to be carried through the mails or in interstate
10 commerce, by means or instruments of transportation, securities for the purpose of
11 sale or for delivery after sale, when no registration statement had been filed or was in
12 effect as to such securities, and when no exemption from registration was applicable.

13 102. By engaging in the conduct described above, Defendants Pebblekick,
14 Shiroishi, and Williams have violated, and unless restrained and enjoined, is
15 reasonably likely to continue to violate, Sections 5(a) and 5(c), 15 U.S.C. §§ 77e(a) &
16 77e(c).

17 **FIFTH CLAIM FOR RELIEF**

18 **Unregistered Broker-Dealer**

19 **Violation of Section 15(a) of the Exchange Act**

20 **(against Defendant Williams)**

21 103. The SEC realleges and incorporates by reference paragraphs 1 through
22 83 above.

23 104. Williams acted as an unregistered broker for the Pebblekick securities
24 offerings when soliciting investors for Pebblekick, making statements to potential
25 investors about the merits of investing in Pebblekick, and later interfacing with
26 investors regarding their investments. From January 2018 to March 2021, Williams
27 received approximately \$450,000 in transaction-based compensation for Williams's
28 effecting of securities transactions for Pebblekick. Williams was not registered with

1 the SEC as a broker-dealer, and was not associated with a registered broker-dealer.

2 105. By engaging in the conduct described above, Defendant Williams, made
3 use of the mails and means or instrumentalities of interstate commerce to effect
4 transactions in, and induced and attempted to induce the purchase or sale of,
5 securities (other than exempted securities or commercial paper, bankers' acceptances,
6 or commercial bills) without being registered with the SEC in accordance with
7 Section 15(b) of the Exchange Act, 15 U.S.C. § 78o(b), and without complying with
8 any exemptions promulgated pursuant to Section 15(a)(2), 15 U.S.C. § 78o(a)(2).

9 106. By engaging in the conduct described above, Defendant Williams has
10 violated, and unless restrained and enjoined, is reasonably likely to continue to
11 violate, Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a).

12 **PRAYER FOR RELIEF**

13 WHEREFORE, the SEC respectfully requests that the Court:

14 **I.**

15 Issue findings of fact and conclusions of law that Defendants committed the
16 alleged violations.

17 **II.**

18 Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of
19 Civil Procedure, permanently enjoining Pebblekick and Shiroishi, and their officers,
20 agents, servants, employees and attorneys, and those persons in active concert or
21 participation with any of them, who receive actual notice of the judgment by personal
22 service or otherwise, and each of them, from violating Section 17(a) of the Securities
23 Act [15 U.S.C. §77q(a)], and Section 10(b) of the Exchange Act [15 U.S.C. §§
24 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

25 **III.**

26 Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of
27 Civil Procedure, permanently enjoining Pebblekick, Shiroishi, and Williams, and
28 their officers, agents, servants, employees and attorneys, and those persons in active

1 concert or participation with any of them, who receive actual notice of the judgment
2 by personal service or otherwise, and each of them, from violating Sections 5(a) and
3 5(c) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c)].

4 **IV.**

5 Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of
6 Civil Procedure, permanently enjoining Williams, and her officers, agents, servants,
7 employees and attorneys, and those persons in active concert or participation with
8 any of them, who receive actual notice of the judgment by personal service or
9 otherwise, and each of them, from violating Section 15(a) of the Exchange Act [15
10 U.S.C. §§ 78o(a)].

11 **V.**

12 Issue an order, pursuant to Section 20(e) of the Securities Act, 15 U.S.C. §
13 77t(e), and Sections 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2), prohibiting
14 Shiroishi from acting as an officer or director of any issuer that has a class of
15 securities registered pursuant to Section 12 of the Exchange Act, 15 U.S.C. § 78l, or
16 that is required to file reports pursuant to Section 15(d) of the Exchange Act, 15
17 U.S.C. § 78o(d).

18 **VI.**

19 Order Defendants Pebblekick and Williams to disgorge all funds received from
20 their illegal conduct, together with prejudgment interest thereon, pursuant to Sections
21 21(d)(5) and 21(d)(7) of the Exchange Act [15 U.S.C. §§ 78u(d)(5) and 78u(d)(7)].

22 **VII.**

23 Order Defendants to pay civil penalties under Section 20(d) of the Securities
24 Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. §
25 78u(d)(3)].

26 **VIII.**

27 Retain jurisdiction of this action in accordance with the principles of equity and
28 the Federal Rules of Civil Procedure in order to implement and carry out the terms of

1 all orders and decrees that may be entered, or to entertain any suitable application or
2 motion for additional relief within the jurisdiction of this Court.

3 **IX.**

4 Grant such other and further relief as this Court may determine to be just and
5 necessary.

6 Dated: September 27, 2022

7 */s/ Gary Y. Leung*

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Gary Y. Leung

9 Jasmine M. Starr

10 Attorneys for Plaintiff

11 Securities and Exchange Commission
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